Recent Trends in Indian E-commerce Industry

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In the past decade, e-commerce has grown rapidly in the world and India is no exception. India has seen huge growth in e-commerce and m-commerce over past years. The website of Indian railway has set big example as public sector e-commerce success story and financial inclusion has availed plastic money in the reach of common man. The flipkart which is one of most popular e-commerce company in India is competing with Indian version of world giant amazon. The powerful IT act, comfortable bandwidth and increased awareness are promoting e-commerce. The researcher presents recent trends in Indian e-commerce industry.

Key words: e-Commerce, India, Trends

1. Introduction

The giant e-commerce companies like flipkart, snapdeal and amazon are competing tough to catch customers to them by providing attractive schemes and discounts. The India is witnessing never before war in e-commerce domain. The e-commerce success of flipkart has stunned many established companies. The old experience of e-commerce bubble burst has been eye opener for many enthusiasts. Today companies in a race to beat one another in sales, what they have done, in effect, is grow India’s ecommerce market at rapid speed over the last year.

Interestingly apart from individual buyers, many shopkeepers are also purchasing heavily from e-commerce site. In some cases the product cost is much less on e-commerce site than local wholesale dealer and this has created critical situation for many companies.

On one side in growing e-commerce, more people are using their internet banking, credit cards and debit cards for making payments and on other side there is increase in victims of cyber-crime and ethical issues are come up like never before. In India many e-commerce traction happens with not self but other person’s bank account because as not everyone has internet banking facility or having plastic money, the same of family member or friend is being used. This creates many ethical issues and sometimes legal issues as confidential information is being shared. Also the fake emails and phone calls which pretend to be from banks to revel the banking details catch many Indians.

2. Literature Review

KPMG in its report, ‘e-Commerce Rhetoric, Reality and Opportunity’ states that, India is staring at a new paradigm of digital consumerism. As the clocks ticks, the people of India are enthused and excited to get on to this digital bandwagon. They are connected, they are informed and they can’t get enough of it. The e-Commerce industry is offering them their chance. However, the industry needs the required support from all stakeholders in its ecosystem to surmount the challenges and to embark on profitable growth. The Government, the regulatory agencies, the logistics service providers, the payments processing gateways, other supporting parties and the e-Commerce players have to step-up and dodge these challenges.

M.M.K. Sardana in his paper, ‘evolution of e-commerce in India challenges ahead (part 1)’ states that, increasing projections of e-retail across the country should be a wakeup call for the Airport Authority of India to include the possibility of increased flow of sorties from the logistics companies supporting e-retail while the Authority plans for air connectivity to smaller towns. Similarly, while Railways run parcel trains at their end, it should be ascertaining the requirements of this segment of the economy.

Kenneth C. Laudon and Carol Guercio Traver in their book on ‘e-commerce’ stated that, four major categories of issues information rights, property rights, governance and Public safety and welfare exists.

ASSOCHAM,India report on ‘Evolution of e-commerce in India’ reports that, over the last two decades, rising internet and mobile phone penetration has changed the way we communicate and do business. E-commerce is relatively a novel concept. It is, at present, heavily leaning on the internet and mobile phone revolution to fundamentally alter the way businesses reach their customers. While in countries such as the US and China, e-commerce has taken significant strides to achieve sales of over 150 billion USD in revenue, the industry in India is, still at its infancy.

Nishith Desai Associates in report ‘E-Commerce in India’ The rapid pace of growth of the e-commerce industry is not only indicative of the increasing receptiveness of the public but has also brought to the fore the issues that the legal system of the country has been faced with. And from the initial years when internet was a new concept to recent times where internet has become a basic necessity for every house in big cities, the e-commerce industry has come a long way.
3. E-Commerce in India

According to recent report by US based research firm Gartner, ecommerce business in India is likely to cross $6 billion in revenues in year 2015, with about 70 percent increase from last year. If this projected growth is achieved then this will makes India one of the fastest-growing ecommerce markets in the Asia pacific region.

Interestingly the growth in e-commerce is augmented with mobile phones and tablets as platforms. The majority of traffic on ecommerce platforms is now coming from these devises. Considering this companies are investing in mobile commerce as about one third of business is coming from this platform and it is likely to be increased in future.

The mergers and acquisitions are also taking place in e-commerce domain. The flipkart-myntra deal of about 2000 crore has resulted in huge growth in merger and acquisition transactions. The deals like this will reduce e-commerce platform options in the market for a while. The arzoo.com is marketing itself as best site to visit for comparison of e-commerce offers on leading sites. The policybazaar is also doing same for insurance domain.

This growth of e-commerce industry has been phenomenally high. However, its growth is dependent on a number of factors and most important of them is internet connectivity. As per Forrester McKinsey report of 2013, India has 137 million internet users with penetration of 11%. Total percentage of online buyers to internet users is 18%. Compared to India, China, Brazil, Sri Lanka and Pakistan have internet population of 538 (40%), 79 (40%), 3.2 (15%) and 29 (15%) millions respectively. Therefore, lower internet density continues to remain a challenge for e-commerce.

IRCTC which deals with online ticketing of the Indian railways has transformed railway ticketing in India to the extent that it is largest e-commerce portal in the SAARC region. Its convenience and ease of use has made this portal popular and changed the face of online booking with high confidence of its users.

4. Trends in Indian E-Commerce

4.1 Mergers and Acquisitions: A Flipkart-Myntra Case

The Indian e-commerce market was worth 75,000 crore, in 2013, according to a joint report by KPMG and Internet and Mobile Association of India. India has the potential to double its economic contribution via Internet, from 1.6 percent GDP at present to 2.8 and 3.3 percent by 2015 [MCKensy'2012]. Indian E-commerce is most likely to generate employment for 1.45 million people in coming two years. Emergence of the new government and its innovative policies are developing hope to bring FDI in e-commerce for local market players. Marking the biggest consolidation in the e-commerce space in India, this report puts light on India’s own Amazon; Flipkart and fashion e-tailer Myntra which jointly exposes their vision to capture more than 50% e-market share by strategic alliance. As Flipkart’s annualized sales crossed over 6,100 crore a year ahead of target. It had estimated to reach the billion dollar mark for gross merchandise value by 2015; on the other hand Myntra’s revenue was about 1,000 crore in the previous financial year. It aims to double its revenue in this financial year as it expands its seller base and adds products following China’s biggest e-retail model Alibaba.com. Myntra has about 100 sellers on board and plans to increase this number to 1,000 by fiscal end. The strategy of Flipkart is to invest around 600 crore in its fashion business in coming years to combat with global rivals like Amazon and eBay Inc.

4.2 Legal Aspects with Respect to E-Commerce

The legal issues with respect to e-commerce in India are as follows –

E-Contract: In India, e-contracts like all other contracts are governed by the basic principles governing contracts in India, i.e. the Indian Contract Act, 1872, which inter alia mandate certain pre-requisites for a valid contract such as free consent and lawful consideration. What needs to be examined is how these requirements of the Indian Contract Act would be fulfilled in relation to e-contracts. In this context it is important to note that the Information Technology Act, 2000 provides fortification for the validity of e-contracts.

Security Issues in E-Commerce: There are basically two categories of information which are covered under the IT Act which need to be considered with respect to data protection. Personal information is defined as any information that relates to a natural person, which, either directly or indirectly, in combination with other information available or likely to be available with a body corporate, is capable of identifying such person. Sensitive personal data or information, which is defined, means such PI of a person which consists of password, financial information such as bank account or credit card or debit card or other payment instrument details; physical, physiological and mental health condition; sexual orientation; medical records and history; and biometric information.

Security Issues in Payment: There are numerous methods for an e-commerce company to receive payments from its customers. These include the traditional credit, debit and charge card but also new technologies such as digital wallets, e-cash, mobile payment and e-checks. In addition to the above, another option would be to take the assistance of a third party to complete the online transaction.

Consumer Protection Issues: In view of the new models of business in e-commerce, it is important to keep in mind consumer protection issues. In India the Consumer Protection Act 1986 governs the relationship between consumers and service or goods providers. There is no separate consumer protection law that is specific to and regulates online transactions. Liability under the act arises when there is deficiency in service or defect in goods or occurrence of unfair trade practice. The
act specifically excludes from its ambit the rendering of any service that is free of charge. If an online platform is not charging the users, the CPA may not apply. If actual sales are taking place on the online platform, the users will be considered as consumers under the act and its provision will apply to the sale of products by the online platform.

**Intellectual Property Issues:** One of the foremost considerations that any company intending to commence e-commerce activities should bear in mind is the protection of its intellectual assets. The internet is a boundless with minimum regulation and therefore the protection of intellectual property rights is a challenge and a growing concern amongst most e-businesses. The main forms of intellectual property protection that an e-commerce business would be concerned about are copyrights, trademarks and patents.

**Legal and Regulatory Framework of E-Commerce in India:** IT Act 2000 provides legal framework for e-commerce in India. The act was amended from time to time to deal with contemporary issues. But the frequency of amendments has to be increased considering growing e-commerce and new ways of mischiefs on internet.

**Taxation:** E-commerce has brought in a wide range of products and services, which as stated above has raised the issue of characterization of income, essential for determining the manner of taxation of income. The tax treatment of income earned by a non-resident would depend on the characterization of such income, and may be examined under the heads viz. business income and royalties or fee for professional services. The taxation of income based on e-commerce, for income earned or accrued in India from transaction involving non-residents as well as Indian residents, is covered under various sections of the law.

5. **Conclusion**

The e-commerce is growing high in India. There is need to augment this growth with supporting internet network, high bandwidth, legal framework and security setup. There is also need of spreading literacy about legal and ethical issues in India. As e-commerce is growing at fast speed and attracting newer customers, any fraud or mischief for customer may result in creating bad impression of e-commerce in masses. So apart from government efforts, professional associations should tie-up with e-commerce companies in spreading awareness and benefits with respect to secured e-commerce among Indian citizens. The print as well as electronic media needs to be widely used in creating awareness for secured transactions over internet and local language should be preferred in creating the awareness. Cyber police stations need to be increased and more lawyers need to opt for specialization in cyber laws considering growing need in the cyber domain. The overall e-commerce picture in India looks very bright.

6. **References**

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